

ABSTRACT

A method of carrying out activity based costing in a professional practice, such as a healthcare
5 practice or hospital is provided. The costs of activities involving an operator are calculated based
on the time the operators should be expected to spend on a task, and the cost overhead,
particularly the payment, of the operator. This is achieved using a Pre-Determined Motion Time
System such as the MOST® system. This allows the inherent profitability of a business operation
to be established independent of the current employees, so that the profitability of the business
10 processes themselves can be ascertained.